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EAIR, ECON, ETRD, SENV, EU, HU
SUBJECT: HUNGARY'S RESPONSE TO EUROPEAN UNION'S EMISSIONS TRADING
SCHEME

REF: STATE 1023

1. (U) On February 6, Pol/Econoff delivered reftel demarche to Miklos Szoboszlay, Director General of the Department of Environment at the Ministry of Transport (MOT). Post stressed that the U.S. has serious legal and economic concerns regarding the EU directive, which seeks to unilaterally extend the EU system to non-EU airlines.

2. (SBU) Mr. Szoboszlay explained that the debate on the Emissions Trading Scheme (ETS) was long and drawn out at the EU. He stated, "Hungary did not support ETS initially and preferred working through the International Civil Aviation Organization."

3. (SBU) In an effort to concentrate on implementing the EU directive, this month MOT will meet with Malev and the Budapest airport to discuss plans for infrastructure expansion, emissions measurements, fuel consumption efficiency, and air traffic control improvements.

4. (SBU) Szoboszlay said Hungary understands both the economic and legal concerns the U.S. has with the ETS directive. He mentioned that he had held similar consultations with Australian and Japanese government officials. However, Hungary is not in a position to deal with these issues on a bilateral basis. The EU has made its decision and now member states, including Hungary, must implement. He realizes this may impact tourism, and offered the suggestion that U.S. airlines establish hubs along the borders of the EU.

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